DECEMBER 1990

# INCENTIVE

MANAGING AND MARKETING THROUGH MOTIVATION

## WRAPPING THE HOLIDAY SPIRIT

**'BREWHAHA'**
WHY ALCOHOL MAKERS BOTTLE A NEW IMAGE

**BATTER UP!**
SPORTS TIE-INS TO SPUR YOUR TEAM

**FACTS REPORT**
THE YEAR IN INCENTIVES

A BILL PUBLICATION

86TH YEAR, VOL. 164, NO. 12 DECEMBER 1990

# INCENTIVE

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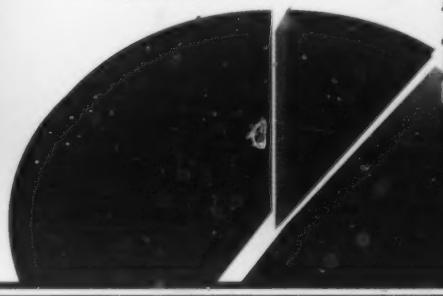

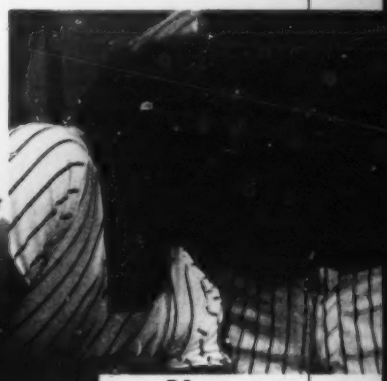

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INCENTIVE (formerly Incentive Marketing/Incorporating Incentive Travel) covers the methods used by organizations to motivate customers at all levels to buy and employees to work more effectively.

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| Editor/Co-Publisher | Bruce Bolger |
| Executive Editor | Todd J. Englander |
| Senior Editor | Regina Eisman |
| Senior Editor | Erika Penzer |
| Associate Editor | Cara M. Tuzzolino |
| Art Director | Allen Schlossman |
| Research Director | George Meredith |
| Co-Publisher | Peter V. Edmunds |
| Publisher Emeritus | Murray B. Elman |
| EAST COAST | 633 Third Ave.<br>New York, NY 10017<br>(212) 986-4800<br>Fax (212) 867-4395 |
| Sales Manager | Donald W. Campbell<br>James M. Kilmetis |
| MIDWEST | 180 N. Michigan Ave., #1600<br>Chicago, IL 60601<br>(312) 782-1266<br>Fax (312) 782-5282<br>J.C. Mills, Jr. |
| WEST COAST | 10540 Talbert Ave.<br>East Tower Ste. 150<br>Fountain Valley, CA 92708<br>(714) 964-7390<br>Fax (714) 964-6990<br>Peter V. Edmunds |
| CANADA | Choice Marketing<br>1285 W. Broadway Ave., #720<br>Vancouver, BC V6H 3X8<br>(604) 731-1017<br>Fax (604) 736-8821 |
| ASIA | Media Stimulus Ltd.<br>30 Hollywood Rd., 11th fl.<br>Central, Hong Kong<br>(05) 213-4614<br>Fax (05) 845-2967<br>Frank Casey |
| CENTRAL EUROPE | Media & Tourism Marketing<br>P.O. Box 76<br>8053 Zurich, Switzerland<br>(01) 55-55-56<br>Fax (01) 55-86-09<br>Rene Stein |
| Production Manager | Joann DePalma |
| Production Assistant | Wendy Greenstein |
| Sales & Marketing Administrators | Carmen Lamboy<br>Patricia Terriberry<br>Karen Yos (Chicago)<br>Lisa Riotte (California) |
| Business Manager | Charles Indich |
| Circulation Manager | Walt Heeney (Akron) |
| Asst. Circ. Manager | Pat Robinson<br>(216) 867-4401 |



**Bill Communications OFFICERS: John Wickersham, President; Irwin Levine, Treasurer; Vice Presidents: Jeffrey Berlind, Mary Jean Madigan, Howard Neibart, Russell Piersons, Malcolm Riley, Stanley Romaine, Greg Smith, Edward Spar, Charles Wrye; Deborah Seavey, Director of Human Resources; Thomas Tzoucalis, Director of Manufacturing; John Hartman, Chairman Emeritus.**

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# PUTTING WIND IN YOUR SALES

BY BRUCE BOLGER

A few weeks ago on the train ride home, I overheard a salesman talking with a friend about the current business climate. Well-dressed and well-spoken, he projected an aura of success.

"I got spoiled during the '80s," he said. "I rarely had to prospect for new business; the phone just kept ringing. Now, I've got to hustle for every piece of business I get. I've forgotten how to sell."

Just a few days later, I walked into a Ford showroom to look at a Taurus. Piles of paper lay on dilapidated desks. The gum-chewing sales manager, his feet resting on one desk, barely spoke as he directed me to a young salesman standing nearby.

The young man could not answer one question about the car. He politely went through the motions of showing us a model but offered no justification for selecting a Ford. Finally, he admitted that he was new. "I'm a GM man," he said. "I don't know anything about Fords."

If these situations sound all too familiar to you, you should consider a sales incentive program. You may find your sales force—even sales management—ripe for positive reinforcement. Even when business is off, you can gain market share by selling harder than the competition.

How's your sales force doing? Is it trained? Excited? Actively calling on new prospects and cultivating current ones? Do you know?

Today's economic climate requires incentive strategies that focus on profit margins and market share. They're tougher targets to reach than in periods of rapid growth.

Good programs require *training*—ensuring that every employee can present the benefits of your product versus those of the competition; *motivation*—ensuring that every lead is followed up, every opportunity acted upon; *customer satisfaction*—assuring that all current clients are happy; *accountability*—educating the sales force about the difference between low- and high-margin business, and *measurement*—developing clear and simple ways to monitor performance.

Will a properly honed incentive program help sales and profits? The good news is that it doesn't cost much to find out. Most incentive programs are funded out of incremental sales gains and don't require additional personnel. The bad news? Incentive campaigns require total management commitment. Without leadership, no award of any size will do the job when times are tough. Many top executives can't or won't take the time, or don't know where to begin.

If you're one of those who don't know where to begin, or who are dissatisfied with your current program, give me a call at (212) 984-2297, and I'll try to point you in the right direction.

Bruce Bolger


Incentive/Managing and Marketing Through Motivation® (ISSN 0019-3364; USPS 799-880) is published monthly by Bill Communications, Inc., 341 White Pond Dr., Akron, OH 44320. Corporate and editorial headquarters: 633 Third Ave., New York, NY 10017. Subscriptions: US—$48, Canada/Foreign—$75, single copies—$5. December FACTS issue—$15.


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Postmaster: Send change of address to Incentive/Managing and Marketing Through Motivation, Box 3599, Akron, OH 44309-3599, fax (216) 867-0019. Second Class postage paid at Akron, OH, and at additional mailing offices.

SPECIAL REPORT

# 1990 FACTS SURVEY

## Incentive spending sets another record, but the pace slackens a bit.

Incentive spending hit an all-time high of $17 billion this year, advancing 7.4 percent over last year's figures. The numbers, products of **Incentive**'s annual FACTS survey of readers, reveal incentive spending growth in all categories—sales, dealer, consumer and non-sales—although the rates of increase have decelerated. The less-than-dramatic 7.4 percent mark parallels 1989's modest 7.6 percent boost in spending.

Sales incentives remained the heaviest category on the list—although growth slowed there too, to an 8.1 percent gain versus 1989's 9.9 percent. For sales-program awards, spending for merchandise incentives gained 8.6 percent and travel programs grew 6.7 percent. Sales-force motivation, estimated at $5.65 billion in the survey, held steady at 33 percent of the total incentive field.

Dealer campaigns also continued to grow, with companies spending 7.6 percent more on dealer incentives, versus 6.2 percent more last year. However, dealer campaigns yielded less of an increase in sales—14.8 percent—compared with 16.6 percent in 1989.

Consumer promotions continue to bring consistent sales returns, with sales from such promos growing by 18.1 percent this year. The figure falls into an 18-to-20-percent range that has marked the category every year, except for a slight dip to 16.1 percent in 1988. In the consumer realm, food retailers registered a 9.6 percent growth in consumer incentive activity, with continuity programs—the largest segment of the field—rising by 9.4 percent. Frequent-buyer incentives, including trading stamps, added 11.3 percent, while games and sweepstakes grew more slowly, at a 6.9 percent rate. Grocers account for approximately 74 percent of all consumer incentive expenditures in this year's retail estimates; all other retailers decreased their spending by about 20 percent from last year's levels.

Retailers in all industries spent 8.1 percent more on sales incentives and 15.8 percent more on business gifts. Overall, business gift spending increased a moderate 7.4 percent.

For the first time in several years, the growth of incentive travel spending lagged behind that of merchandise. Sales incentive travel increased by an estimated 6.7 percent, while dealer trip awards rose 6.3 percent. Merchandise spending, meanwhile, advanced 8.6 percent for salespeople and 8.2 percent for dealers.

This marks the second consecutive year travel programs produced disappointing sales gains. After registering gains of 21 percent in 1988, this year's figure landed at 16.7 percent, slightly better than last year's 16 percent. Travel program costs have changed little, holding at an average of 10.7 percent of incremental sales, compared with 10.6 percent in 1989.

Of the 29 specific industry groups tabulated in the survey, 6 showed major increases (9 percent or more) in their incentive usage this year. Paper products and packaging led at 13.9 percent; manufacturers of automobiles and trucks added 11.8 percent, and food-products manufacturers increased spending 10 percent. The other strong gainers were publishers, printers and broadcasters, up 9.5 percent; electrical and lighting equipment, 9.4 percent, and detergents and cleansers, 9 percent.

More industries fell below the averages, however; eight groups spent no more than 3 percent over 1989. Three industries actually spent less than last year: Paints and varnishes backed off by 2.9 percent; banks and savings-and-loan associations spent 0.7 percent less, and housewares and home furnishings spent 0.2 percent less than last year. Faring only slightly better were office equipment, up 1 percent; pharmaceuticals, 1.6 percent; farm equipment, 1.7 percent; apparel, 2.5 percent, and petroleum products, up 3 percent.

Finally, the survey showed modest growth in the burgeoning arena of non-sales incentives. A mid-year survey found non-sales incentive users averaging a 4.6 percent increase in award spending over 1989. More significantly, however, the survey showed that spending for merchandise incentives grew by a healthy 14.5 percent—noteworthy in a field that's been heavily devoted to cash awards. About 27 percent of these users also buy travel, but those expenditures have grown little this year. And, despite the inroads of more tangible awards, 57 percent of the companies surveyed still use some cash in their employee award programs.

Following is a wrap-up of some of the trends in the leading categories of incentive usage.

## The Incentive Field At A Glance

| | 1990 Expenditures | 1989 Expenditures | % Change |
|---|---|---|---|
| SALES INCENTIVES | $5,652,900 | $5,230,226 | + 8.1% |
| Merchandise | 4,152,838 | 3,824,647 | + 8.6% |
| Travel | 1,500,062 | 1,405,579 | + 6.7% |
| DEALER INCENTIVES | $3,080,050 | $2,863,828 | + 7.6% |
| Merchandise | 2,022,415 | 1,868,804 | + 8.2% |
| Travel | 1,057,635 | 955,024 | + 6.3% |
| MERCHANDISE TOTAL | $6,175,253 | $5,693,451 | + 8.5% |
| TRAVEL TOTAL | $2,557,697 | $2,400,603 | + 6.5% |
| TRADE TOTAL | $8,732,950 | $8,094,054 | + 7.9% |
| BUSINESS TOTAL | $1,757,005 | $1,635,252 | + 7.4% |
| CONSUMER PREMIUMS | | | |
| Product Promotion: | $4,676,640 | $4,367,255 | + 7.1% |
| Mail-In Offers | 2,403,050 | 2,230,496 | + 7.7% |
| Direct Premiums | 2,273,590 | 2,136,759 | + 6.4% |
| Retail Promotion: | $1,832,242 | $1,735,821 | + 5.6% |
| Games & Sweepstakes | 220,587 | 206,349 | + 6.9% |
| Direct & Continuity | 1,611,655 | 1,529,472 | + 5.4% |
| CONSUMER TOTAL | $6,508,882 | $6,103,076 | + 6.6% |
| TOTAL USAGE | $16,998,837 | $14,711,708 | + 7.4% |

ALL FIGURES IN THOUSANDS

# SALES INCENTIVES

Though a mid-year FACTS survey forecasted a 10 percent increase in sales incentive spending, final figures for the year fell slightly short of predictions, settling at an 8.1 percent rise.

The biggest change since the earlier reading: the merchandise-travel mix. Forecasts had projected a 12.9 percent expansion in travel programs aimed at salespeople, but later estimates showed that travel usage grew by only 6.7 percent. On the other hand, merchandise expenditures, predicted to rise only 5.8 percent, actually expanded 8.6 percent.

In the end, estimates for the year show sales-force incentives rising to $5.65 billion, with most of that—$4.15 billion—spent for merchandise and $1.5 billion for travel. The total represents about one-third of all incentive-award spending.

This year, survey respondents assigned an average of three specific goals to their sales incentive campaigns—a more ambitious approach then the past average of two and one-half goals. Most telling, perhaps, is the fact that an all-time low number of users indicated the catchall objective, "increase overall volume." With more users aiming for specific, well-defined targets, only 59 percent of these sales executives consider "increasing volume" precise enough to single out as an effective objective.

Volume gains in sales incentive programs slipped slightly this year to an average of 18.4 percent from last year's 18.7 percent, while costs rose a bit, to 14 percent of incremental sales from 13 percent in 1989. The good news: Forty percent of salespeople qualified for awards, up from 37 percent last year.

A mixed bag of industries spent huge amounts of money on sales incentives this year. Insurance firms, the number-one users, increased spending on sales incentive campaigns by 8.8 percent. Of the next three top user industries, toiletries and cosmetics were up only 2.6 percent; auto parts, tires and accessories, 5.3 percent, and food products, 5.7 percent. Makers of automobiles and trucks moved into fourth place on the list, nosing out food products, with a 15.7 percent rise in sales incentive expenditures.

Here is how the tabulated industry groups stacked up in their 1990 sales incentive efforts:

Apparel ..... +6.3%
Auto parts, tires & accessories ..... +5.3%
Automobiles & trucks ..... +15.7%
Banks and savings & loans ... +14.5%
Beer, ale & soft drinks ..... + 3.0%
Building materials ..... + 8.4%
Detergents & cleansers ..... + 2.5%
Electric appliances ..... + 6.6%
Electrical & lighting equipment ..... +12.2%
Electronics, radio & TV ..... + 7.9%
Farm equipment ..... + 4.3%
Feed, fertilizer & farm supplies ..... no change
Food products ..... + 5.7%
Furniture & floor coverings .... +10.9%
Hardware ..... +15.6%
Heating & air conditioning ..... + 7.6%
Housewares & home furnishings ..... +3.1%
Industrial chemicals ..... +14.5%
Insurance ..... + 8.8%
Machinery & supplies ..... + 7.7%
Office equipment + 1.5%
Paints & varnishes ..... - 1.6%
Paper products & packaging ..... +21.4%
Petroleum products ..... + 4.9%
Pharmaceuticals - 5.9%
Public utilities ... + 8.0%
Publishers, printers & broadcasters ... + 5.9%
Sporting goods & toys ..... + 8.6%
Toiletries & cosmetics ..... + 2.6%
Distributors & wholesalers .... +18.2%
Retailers ..... + 6.7%

What awards do all these sales incentive users prefer? About 31 percent favor cash, although all use non-cash awards too. Travel scored highest, garnering 36 percent of the votes, while merchandise came in a close second, preferred by 33 percent of respondents.

Many of the 69 percent favoring non-cash incentives cited three principal reasons for holding travel and merchandise awards in high esteem:

- They are easier to dramatize in a campaign.
- They offer more perceived value for the dollar spent.
- The recognition attached to merchandise or travel tends to be more meaningful than that associated with cash, where the award can be lost in a pocketful of wages.

# DEALER INCENTIVES

Marketers ran about 9 percent more dealer incentive promotions this year than in 1989, according to the reports of 154 executives in an **Incentive** survey earlier this year. Two out of five companies said they were spending more, although the percentage of their budget increases generally were small. In fact, though

## Incentive Usage By Industry

| INDUSTRY | 1990 Expenditures | % Change From 1989 |
|---|---|---|
| Food Products | $1,792,352 | + 10.0% |
| Toiletries & Cosmetics | 1,166.872 | + 8.9% |
| Auto Parts, Tires, Accessories | 955,838 | + 6.8% |
| Insurance | 788,863 | + 8.1% |
| Automobiles & Trucks | 564,829 | + 11.8% |
| Electronics, Radio, TV | 525,821 | + 5.3% |
| Building Materials | 398,735 | + 7.5% |
| Publishers, Printers, Broadcasters | 334,396 | + 9.5% |
| Heating & Air Conditioning | 332,809 | + 6.9% |
| Office Equipment | 324,069 | + 1.0% |
| Petroleum Products | 319,273 | + 3.0% |
| Beer, Ale & Soft Drinks | 273,288 | + 6.7% |
| Detergents & Cleansers | 249,233 | + 9.0% |
| Electric Appliances | 242,443 | + 6.6% |
| Feed, Fertilizer & Farm Supplies | 235,352 | + 4.9% |
| Farm Equipment | 220,857 | + 1.7% |
| Banks and Savings & Loan | 220,687 | - 0.7% |
| Housewares & Home Furnishings | 208,723 | - 0.2% |
| Pharmaceuticals | 205,124 | + 1.6% |
| Machinery & Supplies | 187,866 | + 7.7% |
| Electrical & Lighting Equipment | 143,497 | + 9.4% |
| Industrial Chemicals | 124,487 | + 4.5% |
| Furniture & Floor Coverings | 103,496 | + 8.6% |
| Paper Products & Packaging | 101,772 | + 13.9% |
| Paints & Varnishes | 68,325 | - 2.9% |
| Apparel | 63,982 | + 2.5% |
| Sporting Goods & Toys | 58,164 | + 4.3% |
| Hardware | 37,763 | + 6.0% |
| Public Utilities | 30,526 | + 7.8% |
| Miscellaneous Goods | 980,139 | + 8.6% |
| Miscellaneous Services | 1,087,542 | + 7.1% |
| Wholesalers & Distributors | 1,632,840 | + 8.9% |
| Retailers | 2,990,246 | + 6.5% |

ALL FIGURES IN THOUSANDS

the group predicted their spending for the year would rise by only 2.9 percent, year-end tallies show that total dollar expenditures increased by about 7.6 percent over 1989.

The survey places total dealer incentive spending for all industries at $3.08 billion. Almost two-thirds, just over $2 billion, went for merchandise incentives, while travel campaigns accounted for a bit over $1 billion. As with salesforce incentives, growth in merchandise spending was greater than travel—up 8.2 percent versus travel's 6.3 percent.

Sliding sales results did not help bolster the totals: Incremental sales gains in dealer promotions came in at 14.8 percent (down from an average 16.6 last year), the lowest rate in five years. The likely reason for the discrepancy? The heavy activity of the top three consumer premium users in the grocery field, who built up their dealer promotions mainly to support their consumer drives. Food products, toiletries and cosmetics, and beer, ale and soft drinks all reported major gains in dealer incentive usage—up 10.8 percent, 14.4 percent and 12 percent, respectively.

Meanwhile, many other industries lay low in dealer promotion. Three of them—banks and savings-and-loans, industrial chemicals, and paints and varnishes—spent less, dropping by 3.2 percent, 4.1 percent and 2.4 percent, respectively.

But a dozen other industry groups didn't fare much better, increasing their spending by less than 4 percent; after factoring in inflation, that translates to no growth, or shrinkage.

Dealer program costs held steady at a median of 10 percent of incremental sales; participation also stayed about even—an average of 51 percent for all programs. Fifty-five percent of dealers won merchandise, up 3 percent from last year, while 47 percent of dealers earned travel awards, down from 49 percent a year earlier.

The following shows what the industry groups did (or didn't do) this year, according to the final estimates:

Apparel ..... + 2.4%
Auto parts, tires & accessories ..... +11.6%
Automobiles & trucks ..... +11.4%
Banks and savings & loans ..... - 3.2%
Beer, ale & soft drinks ..... +12.0%
Building materials ..... + 0.8%
Detergents & cleansers ..... + 3.8%
Electric appliances ..... + 5.6%
Electrical & lighting equipment ..... + 7.6%
Electronics, radio & TV ..... + 3.3%
Farm equipment ..... + 0.6%
Feed, fertilizer & farm supplies ..... + 8.0%
Food products ..... +10.8%
Furniture & floor coverings ..... + 9.3%
Hardware ..... + 0.8%
Heating & air conditioning ..... + 8.2%
Housewares & home furnishings ..... + 2.8%
Industrial chemicals ..... - 4.1%
Insurance ..... + 9.8%
Machinery & supplies ..... + 5.9%
Office equipment ..... + 3.8%
Paints & varnishes ..... - 2.4%
Paper products & packaging ..... +14.7%
Petroleum products ..... + 8.4%
Pharmaceuticals ..... + 4.4%
Public utilities ..... +11.1%
Publishers, printers & broadcasters ..... + 9.4%
Sporting goods & toys ..... + 9.1%
Toiletries & cosmetics ..... +14.4%
Distributors & wholesalers ..... + 1.4%
Retailers ..... + 1.8%

Distributors and wholesalers remain the major targets of most dealer incentives.

About 49 percent of survey respondents said they aim their programs at these middlemen—a figure down from an unusually high 57 percent in the 1989 survey, but falling right in the middle of the customary 48-to-50-percent range. The middlemen, normally large users of dealer incentives themselves (they spent around $192 million this year), have been relatively quiet, spending only 1.4 percent more on their own programs.

Several different types of retailers received incentives this year. Most numerous are specialty stores, the object of 21 percent of users' plans. Grocers, druggists and service stations are the focus of 13 percent, 9 percent and 6 percent, respectively.

Incentive users showed mixed results in the unit costs of their awards this year. Merchandise aver-

ages fell, while the median rose from $50 to $60. Trips, however, moved both ways: The unit cost dropped to a median of $1,500 from last year's $1,850, while the per-person cost rose to $1,300 from $1,200. This suggests that fewer of these particular companies included spouses in their programs this year.

The percentage of total budget allotted to promotional support rose sharply, to 15 percent from 10 percent last year. That indicates a decrease in the percentage of award dollars—from 90 percent of budget last year to 85 percent in 1990.

## INCENTIVE TRAVEL

Buyers of incentive travel ran up an expense account of more than $2.5 billion this year, survey estimates show. But, in the course of hitting this record-setting level, they showed a smaller percentage increase than in most years—only 6.5 percent over 1989 expenditures. Still, the final estimates are somewhat better than a survey of 175 travel users had indicated earlier in the year. At that point they said they planned only a 5.9 percent expansion in travel budgets for the year.

Of the total spent on incentive travel, 59 percent is slated for motivating salespeople and the rest for spurring dealers. Sales results from dealer travel promotions grew less this year than programs targeting sales forces. Dealer incentive users reported only a 14.8 percent increase in sales generated by their incentive activity—compared with results that in recent years fell in the 16-to-18-percent range. In a recent **Incentive** survey, sales incentives showed a yield averaging 16.7 percent.

A number of industries purchased plenty of travel awards this year. Six groups posted increases of 12 percent or greater: paper products and packaging, 17.6 percent; publishers, printers and broadcasters, 16.3 percent; public utilities, 14.6 percent; electrical and lighting equipment, 12.5 percent; hardware, 12.4 percent; and banks and savings-and-loans, 12.1 percent.

These bullish travelers, however, couldn't match the contribution of the insurance industry, the largest single user of travel. Although showing a slightly smaller percentage gain this year—9.9 percent—the insurance firms raised their budgets by almost $30 million, compared with a total increase of about $12 million added by the other industries. In all, insurance firms spent an estimated $329 million on travel incentives this year. About 74 percent of that was spent on programs targeting direct sales representatives, with the smaller portion aiming at dealers (independent brokers).

Slow industries this year include auto parts, tires and accessories, the second-ranking user of travel, which increased spending by only 2.3 percent. Office equipment makers spent only 1.1 percent more, and paints and varnishes registered only a 0.3 percent rise.

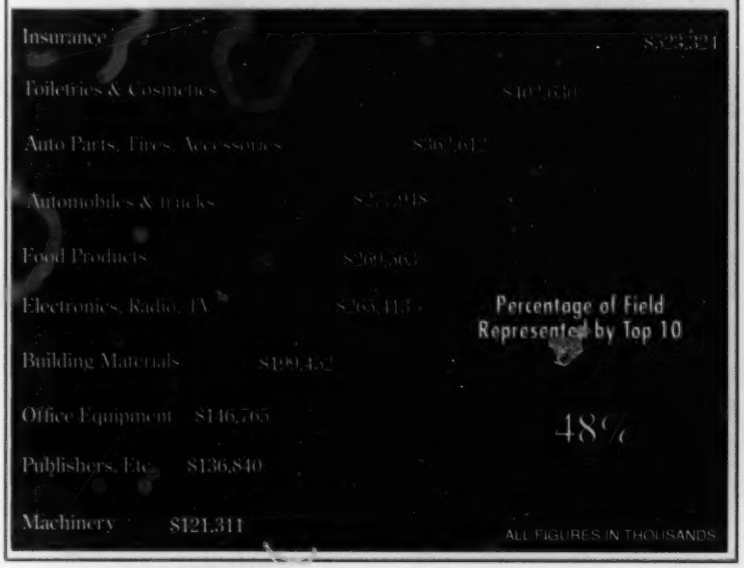
The trend for all industries this year looked like this:

Apparel.....- 3.7%
Auto parts, tires & accessories.....+ 2.3%
Automobiles & trucks.....+11.7%
Banks and savings & loans...+12.1%
Beer, ale & soft drinks.....+ 7.3%
Building materials.....+ 3.3%
Detergents & cleansers.....+ 3.9%
Electric appliances.....+ 6.5%
Electrical & lighting equipment.....+12.5%
Electronics, radio & TV.....+ 8.8%
Farm equipment.....+ 3.3%
Feed, fertilizer & farm supplies.....+10.0%
Food products.....+ 3.7%
Furniture & floor coverings...+ 8.4%
Hardware.....+12.4%
Heating & air conditioning....+ 9.6%
Housewares & home furnishings.....+ 5.2%
Industrial chemicals.....+ 6.1%
Insurance.....+ 9.9%
Machinery & supplies.....+ 3.3%
Office equipment.....+ 1.1%
Paints & varnishes.....+ 0.3%
Petroleum products.....+ 8.5%
Pharmaceuticals.....+11.4%
Public utilities.....+14.6%
Publishers, printers & broadcasters.....+16.3%
Sporting goods & toys.....+11.0%
Toiletries & cosmetics.....+10.2%
Distributors & wholesalers....+ 8.2%
Retailers.....+ 4.1%

Group trips remain the more popular mode of travel, favored by 54 percent of users; 50 percent offer individual travel awards to winners, and the 4 percent who overlap presumably offer both varieties.

Group trips average 160 people, with an average stay of 5 nights. Fifty-seven percent of users conduct some business meetings at the destination—an average of 11.2 hours per trip.

### Top Sales Incentive Users (1990)



Many users—53 percent of respondents—continue to mix merchandise awards in with their travel. This, however, includes some who view merchandise mainly as an adjunct to a trip, rather than as a separate tier of awards. But most proponents of a mixed-award structure see merchandise items as a means of adding dimension to the campaign—providing motivation for the people who may not qualify for the incentive journey.

## CONSUMER PREMIUMS

Makers of food products; toiletries and cosmetics, and beer, ale and soft drinks—the three largest consumer premium users—increased their consumer-promotion budgets by an overall 11.3 percent and spent 12.5 percent more to motivate dealers. But for their salespeople? A mere 3.7 percent increase in incentive spending.

The detergents and cleansers category spent 7.6 percent more on consumer promotions, but put out 12 percent more for dealer incentives. And, though the detergent group is the second largest user of sales incentives, it boosted sales-force motivation spending only 2.5 percent this year.

For all industries, consumer premium efforts increased by a moderate 7.1 percent, suggesting that except for the three front-runners, industries held the line on consumer-premium spending.

A handful of industries, notably those selling products through supermarkets, have kept up their consumer promotion spending—up a respectable 6.6 percent this year. However, these marketers may be sending a signal about the economy: In a separate survey conducted earlier this year by **Incentive**, 102 companies said they planned to spend 15 percent more for consumer promotions than they had in 1989.

In this survey, spending rates for nine industries actually showed minus figures, while six failed to keep up with inflation. The major exceptions to the turnaround came in four industries, three of them among the top four users of consumer premiums: food products, up by 10.9 percent; paper products and packaging, 10.2 percent; publishers, printers and broadcasters, 14.4 percent, and toiletries and cosmetics, 13.3 percent.

The third and fifth user industries also were more than the average—beer, ale and soft drinks, 7.6 percent, and detergents and cleansers, 6.7 percent.

In addition to being among the largest users of consumer promotions, these industries—except for publishers, printers and broadcasters—also are heavily supermarket-oriented in their distribution. Two other industries outside that arena also reflected good advances: electric appliances, up 6.9 percent, and feed, fertilizer and farm supplies, adding 6.8 percent.

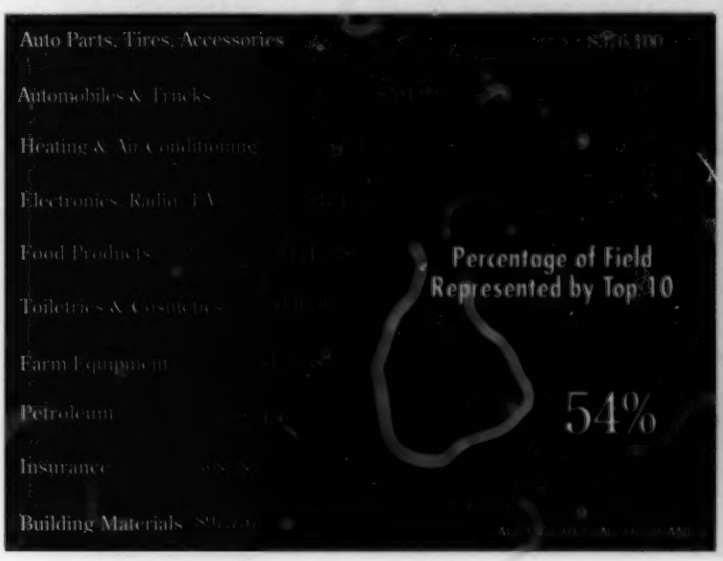
Supermarkets themselves also did a brisk promotional business this year, increasing consumer promotion by 9.6 percent; but the larger retail universe was fairly inactive, resulting in a weak overall showing from the retail realm.

This is how the 31 listed industries showed up in the final estimates for the year:

| | |
|---|---|
| Apparel | - 3.6% |
| Auto parts, tires & accessories | - 0.6% |
| Automobiles & trucks | + 2.6% |
| Banks and savings & loans | - 7.1% |
| Beer, ale & soft drinks | + 7.6% |
| Building materials | + 4.4% |
| Detergents & cleansers | + 6.7% |
| Electric appliances | + 6.9% |
| Electrical & lighting equipment | - 3.2% |
| Electronics, radio & TV | + 4.6% |
| Farm equipment | - 2.7% |
| Feed, fertilizer & farm supplies | + 6.8% |
| Food products | +10.9% |
| Furniture & floor coverings | + 3.5% |
| Hardware | - 2.1% |
| Heating & air conditioning | + 0.4% |
| Housewares & home furnishings | - 5.2% |
| Industrial chemicals | + 2.4% |
| Insurance | + 1.7% |
| Machinery & supplies | + 5.4% |
| Office equipment | - 1.5% |
| Paints & varnishes | - 5.9% |
| Paper products & packaging | +10.2% |
| Petroleum products | - 2.2% |
| Pharmaceuticals | + 2.9% |
| Public utilities | + 2.5% |
| Publishers, printers & broadcasters | +14.4% |
| Sporting goods & toys | - 3.1% |
| Toiletries & cosmetics | +13.3% |
| Distributors & wholesalers | + 3.3% |
| Retailers | + 5.6% |

Which types of promotions were most popular? Mail-in promos—self-liquidators, free mail-in offers and

## Top 10 Dealer Incentive Users (1990)





Circle No. 118 on Buyer Action Card ——→

sweepstakes—showed good growth, with a 7.7 percent increase for the year. Direct premiums, including factory-packs and coupon or frequent-buyer plans, gained 6.4 percent. Here are this year's estimates for consumer promotions offered by manufacturers and wholesalers (in thousands of dollars):

| | |
|---|---|
| Self-liquidators | $1,433,829 |
| Free mail-ins | 666,856 |
| Sweepstakes & games | 302,365 |
| Direct premiums (with product) | 1,208,631 |
| Factory-packs | 622,541 |
| Coupon plans | 442,418 |

Retailers' promotions to consumers are estimated at more than $1.7 billion—almost 80 percent of it in the grocery field.

The following is the breakdown of the principal segments of supermarket incentive usage:

| | |
|---|---|
| Continuity promotions (piece-a-week and tape-redemption plans) | $963,814 |
| Frequent-buyer programs (including trading stamps) | 294,945 |
| Games & sweepstakes | 120,797 |

While supermarket promoters added an estimated 9.6 percent to their incentive budgets this year, most other retail industries actually reduced their promotion substantially, resulting in a sluggish overall increase of just 5.6 percent.

Measuring sales effects in consumer promotions is less exact than with trade promotions, but point-of-purchase display usage, especially pertinent in the packaged-goods arena, shows positive results: Survey respondents reported a 27 percent average increase in display use, compared with 25 percent in 1989.

## BUSINESS GIFTS

Spending for business gifts this year grew by 7.4 percent, although the unit cost fell to an average of $57—quite a bit less than the $88 spent a year ago. The median unit cost, however, stayed at $20.

Food items were given by 30 percent of the respondents; clocks and watches, 22 percent; pens or pencils, 20 percent; and calendars or diaries, 19 percent. These gifts, however, represent a small sampling of the hundreds of items listed in the survey. Top gift givers: salespeople, 61 percent of the time, and executives, 31 percent.

Generosity in business tends to come but once a year, and that likely time continues to be Christmas, representing 74 percent of all gift-giving occasions. Forty-two percent of survey respondents also checked off "other occasion" (usually denoting a sales-related event). Practicality was "in" this year, with 69 percent of surveyed users presenting gifts bearing a company imprint.

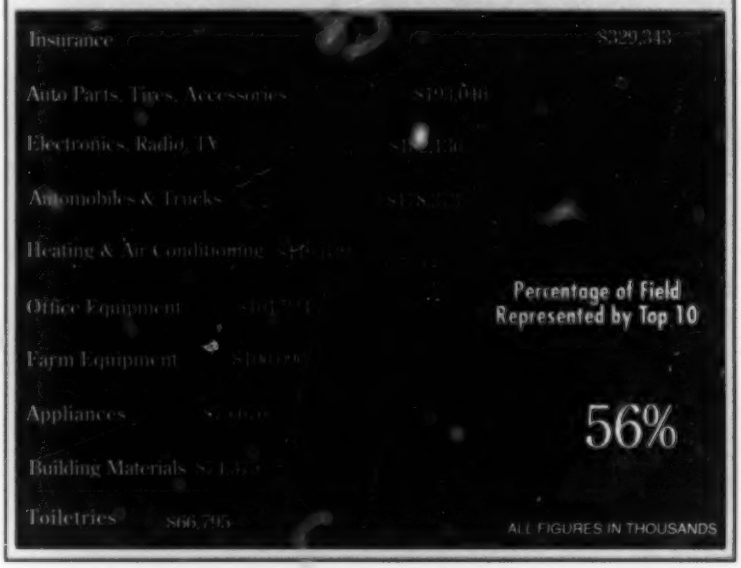
A large part of increased gift purchasing came from a relatively small number of industries; six of them, plus the wholesale and retail groups, raised their budgets by major percentages—more than 10 percent. The biggest spending splurge was reported by building materials, up 19.1 percent. Electrical and lighting equipment makers increased their gift buying by 15.4 percent; public utilities, 13.4 percent; pharmaceuticals, 13.2 percent; paper products and packaging, 11.2 percent, and machinery and supplies, 10.7 percent.

The three industries known as the biggest gift givers pulled back somewhat this year: auto parts, tires and accessories increased by 3.4 percent, toiletries and cosmetics by 1.6 percent, and automobiles and trucks by 0.9 percent. Three industries decreased their dollar expenditures from 1989 levels.

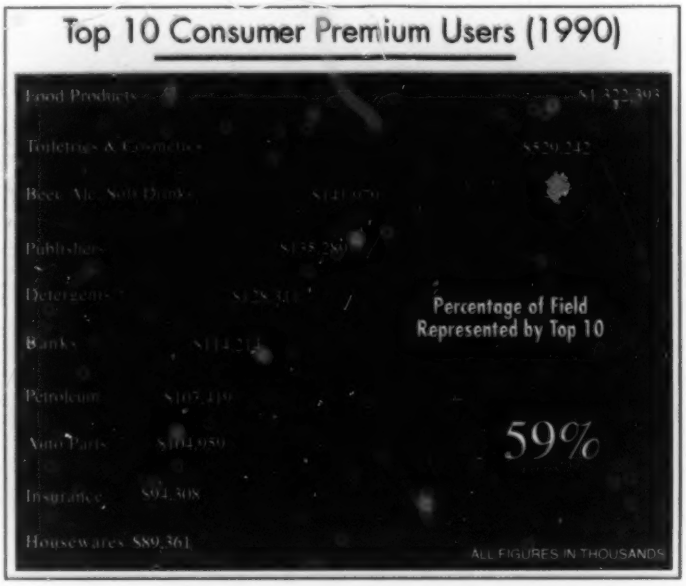
Here is how the industries stack up as givers this year:

| | |
|---|---|
| Apparel | + 4.1% |
| Auto parts, tires & accessories | + 3.4% |
| Automobiles & trucks | + 0.9% |
| Banks and savings & loans | + 8.0% |
| Beer, ale & soft drinks | + 5.3% |
| Building materials | +19.1% |
| Detergents & cleansers | + 1.4% |
| Electric appliances | + 8.3% |
| Electrical & lighting equipment | +15.4% |
| Electronics, radio & TV | -1.3% |
| Farm equipment | + 3.5% |
| Feed, fertilizer & farm supplies | - 2.1% |
| Food products | + 8.8% |
| Furniture & floor coverings | + 3.4% |
| Hardware | + 8.1% |
| Heating & air conditioning | + 2.0% |
| Housewares & home furnishings | + 8.5% |
| Industrial chemicals | + 8.9% |
| Insurance | + 9.3% |
| Machinery & supplies | +10.7% |
| Office equipment | + 0.7% |
| Paints & varnishes | + 3.2% |

### Top 10 Incentive Travel Users (1990)



Paper products & packaging.....+11.2%
Petroleum products .....-5.1%
Pharmaceuticals .....+13.2%
Public utilities .+13.4%
Publishers, printers & broadcasters ..+ 6.6%
Sporting goods & toys .....+ 7.3%
Toiletries & cosmetics .....+ 1.6%
Distributors & wholesalers ...+10.0%
Retailers .....+15.8%




Who gets the gifts? Items are still given principally to major customers, as reported by 65 percent of surveyed users. Employees are favored by 42 percent, while 31 percent give to "all or most" customers and 19 percent give to prospects.

Finally, while the old adage states that it may indeed be better to give than to receive, survey respondents seem to have little choice: They reported getting an average of only seven business gifts in the last 12 months.

## NON-SALES AWARDS

Non-sales incentive programs are growing. In 1989, the first year such awards were included in **Incentive**'s annual surveys, about 24 percent of respondents showed expenditures for employee programs; this year, the figure hit 27 percent. The true usage by these firms is probably somewhat higher, since the respondents may not always do the planning (or buying for) employee incentive programs.

Incentives for non-sales employees showed little real growth in dollars, with spending up about 4.7 percent. But another kind of growth—more mature programs using tangible awards—became more evident.

The portion of award budgets for merchandise incentives jumped by 14.5 percent, principally at the expense of cash awards. Many employers have long considered that a few more dollars in the paycheck would provide motivation in the

## MANUFACTURING INDUSTRIES

| | EXPENDITURES 1990 | | EXPENDITURES 1989 | |
|---|---|---|---|---|
| **APPAREL** | **$ 63,982,000** | **+ 2.5%** | **$ 62,447,000** | **+ 3.4%** |
| • TRADE INCENTIVES | | | | |
| Sales force merchandise | $ 20,921,000 | + 8.9% | $ 19,211,000 | +13.1% |
| Sales force travel | $ 4,725,000 | – 3.7% | $ 4,907,000 | +11.8% |
| Dealer merchandise | $ 8,354,000 | + 2.8% | $ 8,127,000 | + 2.2% |
| Dealer travel | $ 452,000 | – 4.1% | $ 471,000 | +14.0% |
| • BUSINESS GIFTS | $ 11,760,000 | + 4.1% | $ 11,297,000 | + 3.6% |
| • CONSUMER PREMIUMS | | | | |
| Mail-in promotions | $ 8,217,000 | – 4.3% | $ 8,586,000 | – 6.2% |
| Other premiums | $ 9,553,000 | – 3.0% | $ 9,848,000 | – 7.1% |

| | | | | |
|---|---|---|---|---|
| **AUTO PARTS, TIRES, ACCESSORIES** | **$ 955,838,000** | **+ 6.8%** | **$ 895,326,000** | **+ 4.4%** |
| • TRADE INCENTIVES | | | | |
| Sales force merchandise | $ 255,869,000 | + 7.9% | $ 237,135,000 | + 1.0% |
| Sales force travel | $ 106,743,000 | – 0.3% | $ 107,064,000 | + 4.4% |
| Dealer merchandise | $ 289,797,000 | +13.5% | $ 255,328,000 | + 3.3% |
| Dealer travel | $ 86,303,000 | + 5.6% | $ 81,726,000 | +11.0% |
| • BUSINESS GIFTS | $ 112,167,000 | + 3.4% | $ 108,479,000 | + 6.1% |
| • CONSUMER PREMIUMS | | | | |
| Mail-in promotions | $ 78,241,000 | – 2.7% | $ 80,412,000 | + 8.6% |
| Other premiums | $ 26,718,000 | + 6.1% | $ 25,182,000 | + 7.3% |

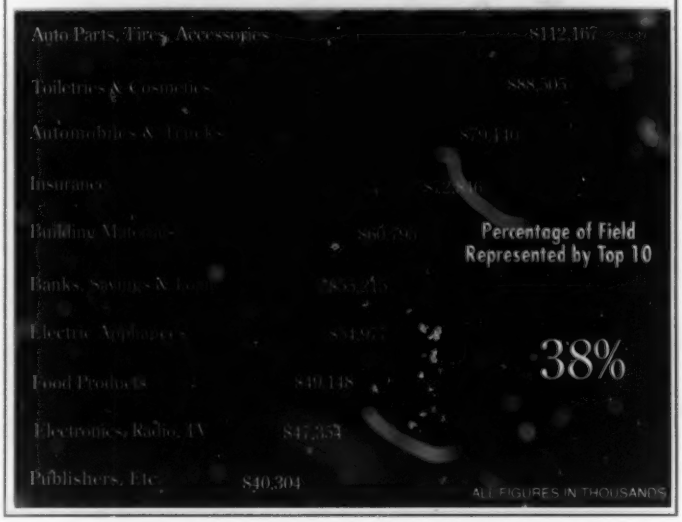
work place. But in sustained practice, experience shows that this occurs only where personnel are underpaid to begin with. When basic compensation is adequate, it takes something extra—and something tangible—to motivate people to greater performance.

Apart from assets of tangibility and recognition, there is another very real inducement for using merchandise rather than money prizes. In safety-based incentive programs, recent tax law provides distinct benefits for tangible awards: They are tax-deductible for the company and excluded from employees' taxable income, within prescribed limits—generally up to $400 per employee per year. In a formal incentive program, individual awards may reach $1,600, so long as the $400 *average* is not exceeded. But cash awards are taxable at both ends. Legislation pending in Congress would extend the same benefits to awards for productivity as well as safety.

While cash is still the leading award—paid out by 57 percent—merchandise alternatives are gaining popularity: 35 percent use selected items, 25 percent offer catalogues and 32 percent give plaques and jewelry. Travel is featured by 27 percent of these companies, and 32 percent give miscellaneous types of awards such as company dinners, entertainment, extra time off and company stock. Nine percent confer honorary titles, usually with a tangible award.

Productivity tends to be the major goal of employee incentive programs, with office productivity cited by 47 percent of respondents, and plant productivity close behind at 42 percent. Thirty-five percent give awards for safety; quality control follows at 34 percent. The companies that used non-sales awards listed an average of 2.5 objectives for their employee motivation plans. □

## Top 10 Business Gift Users (1990)




| | EXPENDITURES 1990 | | EXPENDITURES 1989 | |
|---|---|---|---|---|
| **AUTOMOBILES & TRUCKS** | **$ 564,829,000** | **+11.8%** | **$ 505,331,000** | **+13.6%** |
| • TRADE INCENTIVES | | | | |
| Sales force merchandise | $ 245,885,000 | +17.6% | $ 209,086,000 | +18.8% |
| Sales force travel | $ 32,063,000 | + 3.1% | $ 31,099,000 | +18.1% |
| Dealer merchandise | $ 58,685,000 | + 5.8% | $ 55,468,000 | +16.6% |
| Dealer travel | $ 146,310,000 | +13.8% | $ 128,568,000 | + 9.2% |
| • BUSINESS GIFTS | $ 79,140,000 | + 0.9% | $ 78,434,000 | + 5.2% |
| • CONSUMER PREMIUMS | | | | |
| Mail-in promotions | $ 1,154,000 | – 2.3% | $ 1,181,000 | – 4.0% |
| Other premiums | $ 1,592,000 | + 6.5% | $ 1,495,000 | +10.3% |
| **BEER, ALE & SOFT DRINKS** | **$ 273,288,000** | **+ 6.7%** | **$ 256,166,000** | **+ 6.3%** |
| • TRADE INCENTIVES | | | | |
| Sales force merchandise | $ 66,065,000 | + 1.6% | $ 65,025,000 | + 5.6% |
| Sales force travel | $ 14,433,000 | + 9.4% | $ 13,157,000 | + 6.5% |
| Dealer merchandise | $ 32,404,000 | +14.2% | $ 28,375,000 | + 9.5% |
| Dealer travel | $ 6,530,000 | + 2.3% | $ 6,383,000 | + 7.5% |
| • BUSINESS GIFTS | $ 11,877,000 | + 5.3% | $ 11,279,000 | + 5.4% |
| • CONSUMER PREMIUMS | | | | |
| Mail-in promotions | $ 90,559,000 | + 9.7% | $ 82,552,000 | + 8.4% |
| Other premiums | $ 51,420,000 | + 4.1% | $ 49,395,000 | + 2.1% |

| | EXPENDITURES 1990 | | EXPENDITURES 1989 | |
|---|---|---|---|---|
| **BUILDING MATERIALS** | **$ 398,735,000** | **+ 7.5%** | **$ 371,000,000** | **+ 9.7%** |
| • TRADE INCENTIVES | | | | |
| Sales force merchandise | $ 157,874,000 | + 9.4% | $ 144,309,000 | +18.3% |
| Sales force travel | $ 41,578,000 | + 4.9% | $ 39,636,000 | +12.5% |
| Dealer merchandise | $ 64,960,000 | + 0.5% | $ 64,637,000 | + 2.1% |
| Dealer travel | $ 32,797,000 | + 1.3% | $ 32,376,000 | + 6.4% |
| • BUSINESS GIFTS | $ 60,795,000 | +19.1% | $ 51,045,000 | + 2.0% |
| • CONSUMER PREMIUMS | | | | |
| Mail-in promotions | $ 16,642,000 | + 3.8% | $ 16,033,000 | + 4.7% |
| Other premiums | $ 24,089,000 | + 4.9% | $ 22,964,000 | + 5.1% |
| **DETERGENTS & CLEANSERS** | **$ 249,283,000** | **+ 9.0%** | **$ 237,959,000** | **+ 6.0%** |
| • TRADE INCENTIVES | | | | |
| Sales force merchandise | $ 72,011,000 | + 2.5% | $ 70,255,000 | + 6.4% |
| Sales force travel | $ 3,066,000 | + 2.1% | $ 3,003,000 | + 1.2% |
| Dealer merchandise | $ 34,786,000 | + 3.6% | $ 33,577,000 | + 9.4% |
| Dealer travel | $ 907,000 | +10.4% | $ 822,000 | + 7.3% |
| • BUSINESS GIFTS | $ 10,202,000 | + 1.4% | $ 10,061,000 | + 4.5% |
| • CONSUMER PREMIUMS | | | | |
| Mail-in promotions | $ 83,958,000 | + 7.2% | $ 78,319,000 | + 5.5% |
| Other premiums | $ 44,353,000 | + 5.8% | $ 41,922,000 | + 4.2% |
| **ELECTRIC APPLIANCES** | **$ 242,443,000** | **+ 6.6%** | **$ 227,363,000** | **+ 6.1%** |
| • TRADE INCENTIVES | | | | |
| Sales force merchandise | $ 36,633,000 | + 7.8% | $ 33,982,000 | + 5.5% |
| Sales force travel | $ 13,782,000 | + 3.4% | $ 13,329,000 | + 2.2% |
| Dealer merchandise | $ 34,662,000 | + 2.9% | $ 33,685,000 | + 4.1% |
| Dealer travel | $ 61,894,000 | + 7.2% | $ 57,737,000 | +12.2% |
| • BUSINESS GIFTS | $ 54,977,000 | + 8.3% | $ 50,764,000 | + 2.4% |
| • CONSUMER PREMIUMS | | | | |
| Mail-in promotions | $ 21,447,000 | + 6.8% | $ 20,081,000 | + 5.2% |
| Other premiums | $ 19,048,000 | + 7.1% | $ 17,785,000 | + 6.8% |
| **ELECTRICAL & LIGHTING EQUIPMENT** | **$ 143,497,000** | **+ 9.4%** | **$ 131,159,000** | **+ 3.5%** |
| • TRADE INCENTIVES | | | | |
| Sales force merchandise | $ 25,061,000 | +11.5% | $ 22,476,000 | + 4.2% |
| Sales force travel | $ 10,296,000 | +14.1% | $ 9,024,000 | + 5.4% |
| Dealer merchandise | $ 43,348,000 | + 6.0% | $ 40,894,000 | + 6.6% |
| Dealer travel | $ 17,706,000 | +11.6% | $ 15,866,000 | + 6.2% |
| • BUSINESS GIFTS | $ 34,530,000 | +15.4% | $ 29,922,000 | + 1.3% |
| • CONSUMER PREMIUMS | | | | |
| Mail-in promotions | $ 5,190,000 | – 2.0% | $ 5,296,000 | – 8.1% |
| Other premiums | $ 7,366,000 | – 4.1% | $ 7,681,000 | – 4.4% |
| **ELECTRONICS, RADIO & TV** | **$ 525,821,000** | **+ 5.3%** | **$ 499,504,000** | **+ 4.8%** |
| • TRADE INCENTIVES | | | | |
| Sales force merchandise | $ 200,279,000 | + 4.7% | $ 191,289,000 | + 6.5% |
| Sales force travel | $ 65,134,000 | +19.3% | $ 54,597,000 | + 6.4% |
| Dealer merchandise | $ 47,260,000 | + 2.4% | $ 46,152,000 | – 3.0% |
| Dealer travel | $ 117,002,000 | + 3.7% | $ 112,827,000 | + 8.5% |
| • BUSINESS GIFTS | $ 47,354,000 | – 1.3% | $ 47,978,000 | – 2.3% |
| • CONSUMER PREMIUMS | | | | |
| Mail-in promotions | $ 18,163,000 | +11.6% | $ 16,275,000 | + 7.8% |
| Other premiums | $ 30,629,000 | + 0.8% | $ 30,386,000 | + 0.9% |

| | EXPENDITURES 1990 | | EXPENDITURES 1989 | |
|---|---|---|---|---|
| **FARM EQUIPMENT** | **$ 220,857,000** | **+ 1.7%** | **$ 217,253,000** | **+ 0.4%** |
| • TRADE INCENTIVES | | | | |
| Sales force merchandise | $ 28,751,000 | + 2.4% | $ 28,077,000 | + 4.5% |
| Sales force travel | $ 32,536,000 | + 6.1% | $ 30,665,000 | + 8.6% |
| Dealer merchandise | $ 70,029,000 | – 0.7% | $ 70,523,000 | – 3.1% |
| Dealer travel | $ 67,554,000 | + 2.0% | $ 66,229,000 | + 0.8% |
| • BUSINESS GIFTS | $ 13,634,000 | + 3.5% | $ 13,173,000 | – 5.1% |
| • CONSUMER PREMIUMS | | | | |
| Mail-in promotions | $ 3,934,000 | – 3.6% | $ 4,081,000 | – 7.1% |
| Other premiums | $ 4,419,000 | – 1.9% | $ 4,505,000 | – 2.2% |
| **FEED, FERTILIZER & FARM SUPPLIES** | **$ 235,352,000** | **+ 4.9%** | **$ 224,382,000** | **+15.0%** |
| • TRADE INCENTIVES | | | | |
| Sales force merchandise | $ 40,388,000 | – 3.4% | $ 41,810,000 | +16.5% |
| Sales force travel | $ 18,260,000 | + 8.1% | $ 16,892,000 | +14.2% |
| Dealer merchandise | $ 56,083,000 | + 6.3% | $ 52,759,000 | +20.6% |
| Dealer travel | $ 32,728,000 | +11.1% | $ 29,458,000 | +17.1% |
| • BUSINESS GIFTS | $ 13,674,000 | – 2.1% | $ 13,967,000 | + 6.1% |
| • CONSUMER PREMIUMS | | | | |
| Mail-in promotions | $ 20,400,000 | + 8.4% | $ 18,819,000 | + 3.1% |
| Other premiums | $ 53,119,000 | + 6.2% | $ 50,677,000 | +14.7% |
| **FOOD PRODUCTS** | **$1,792,352,000** | **+10.0%** | **$1,629,594,000** | **+ 4.6%** |
| • TRADE INCENTIVES | | | | |
| Sales force merchandise | $ 232,883,000 | + 6.2% | $ 21[illegible],287,000 | +14.9% |
| Sales force travel | $ 36,680,000 | + 2.8% | $ 35,681,000 | + 1.1% |
| Dealer merchandise | $ 138,634,000 | +11.2% | $ 124,671,000 | – 3.3% |
| Dealer travel | $ 12,614,000 | + 6.6% | $ 11,833,000 | – 3.1% |
| • BUSINESS GIFTS | $ 49,148,000 | + 8.8% | $ 45,173,000 | + 8.1% |
| • CONSUMER PREMIUMS | | | | |
| Mail-in promotions | $ 713,397,000 | + 9.4% | $ 652,100,000 | + 3.7% |
| Other premiums | $ 608,996,000 | +12.6% | $ 540,849,000 | + 3.4% |
| **FURNITURE & FLOOR COVERINGS** | **$ 103,496,000** | **+ 8.6%** | **$ 95,323,000** | **+ 1.2%** |
| • TRADE INCENTIVES | | | | |
| Sales force merchandise | $ 15,885,000 | +11.1% | $ 14,298,000 | – 5.2% |
| Sales force travel | $ 4,512,000 | +10.4% | $ 4,087,000 | + 3.9% |
| Dealer merchandise | $ 44,689,000 | + 9.9% | $ 40,663,000 | + 1.4% |
| Dealer travel | $ 20,923,000 | + 8.0% | $ 19,373,000 | + 7.0% |
| • BUSINESS GIFTS | $ 7,506,000 | + 3.4% | $ 7,259,000 | – 3.4% |
| • CONSUMER PREMIUMS | | | | |
| Mail-in promotions | $ 5,821,000 | + 3.3% | $ 5,635,000 | + 2.7% |
| Other premiums | $ 4,160,000 | + 3.8% | $ 4,008,000 | + 1.0% |
| **HARDWARE** | **$ 37,763,000** | **+ 6.0%** | **$ 35,625,000** | **+ 0.8%** |
| • TRADE INCENTIVES | | | | |
| Sales force merchandise | $ 12,214,000 | +16.8% | $ 10,457,000 | + 3.2% |
| Sales force travel | $ 3,063,000 | +11.1% | $ 2,757,000 | + 2.8% |
| Dealer merchandise | $ 9,493,000 | – 0.9% | $ 9,579,000 | + 3.1% |
| Dealer travel | $ 1,326,000 | +15.4% | $ 1,149,000 | + 3.4% |
| • BUSINESS GIFTS | $ 2,412,000 | + 8.1% | $ 2,231,000 | – 4.1% |
| • CONSUMER PREMIUMS | | | | |
| Mail-in promotions | $ 4,758,000 | – 2.4% | $ 4,875,000 | – 2.8% |
| Other premiums | $ 4,497,000 | – 1.8% | $ 4,579,000 | – 4.3% |

| | EXPENDITURES 1990 | | EXPENDITURES 1989 | |
|---|---|---|---|---|
| **HEATING & AIR CONDITIONING** | **$ 332,809,000** | **+ 6.9%** | **$ 311,309,000** | **+ 5.2%** |
| • TRADE INCENTIVES | | | | |
| Sales force merchandise | $ 48,994,000 | + 3.8% | $ 47,200,000 | +14.8% |
| Sales force travel | $ 59,656,000 | +10.9% | $ 53,793,000 | + 9.4% |
| Dealer merchandise | $ 114,547,000 | + 8.1% | $ 105,964,000 | + 1.8% |
| Dealer travel | $ 59,983,000 | + 8.3% | $ 55,386,000 | + 2.7% |
| • BUSINESS GIFTS | $ 29,263,000 | + 2.0% | $ 28,689,000 | + 3.1% |
| • CONSUMER PREMIUMS | | | | |
| Mail-in promotions | $ 6,739,000 | – 3.3% | $ 6,969,000 | + 2.4% |
| Other premiums | $ 13,627,000 | + 2.4% | $ 13,308,000 | + 3.2% |
| **HOUSEWARES & HOME FURNISHINGS** | **$ 208,723,000** | **+ 0.2%** | **$ 209,235,000** | **- 1.0%** |
| • TRADE INCENTIVES | | | | |
| Sales force merchandise | $ 55,192,000 | + 2.1% | $ 54,057,000 | + 4.2% |
| Sales force travel | $ 10,327,000 | + 8.6% | $ 9,509,000 | + 5.3% |
| Dealer merchandise | $ 26,660,000 | + 3.4% | $ 25,783,000 | + 1.7% |
| Dealer travel | $ 7,479,000 | + 0.8% | $ 7,420,000 | + 2.2% |
| • BUSINESS GIFTS | $ 19,704,000 | + 8.5% | $ 18,160,000 | – 6.2% |
| • CONSUMER PREMIUMS | | | | |
| Mail-in promotions | $ 6,326,000 | + 4.3% | $ 6,065,000 | – 4.7% |
| Other premiums | $ 83,035,000 | – 5.9% | $ 88,241,000 | – 4.1% |
| **INDUSTRIAL CHEMICALS** | **$ 124,487,000** | **+ 4.5%** | **$ 119,139,000** | **+ 6.3%** |
| • TRADE INCENTIVES | | | | |
| Sales force merchandise | $ 30,485,000 | +14.3% | $ 26,671,000 | +20.9% |
| Sales force travel | $ 9,807,000 | +15.1% | $ 8,520,000 | +23.3% |
| Dealer merchandise | $ 35,756,000 | – 4.1% | $ 37,285,000 | – 2.0% |
| Dealer travel | $ 7,355,000 | – 3.9% | $ 7,654,000 | + 1.4% |
| • BUSINESS GIFTS | $ 20,777,000 | + 8.9% | $ 19,079,000 | + 1.2% |
| • CONSUMER PREMIUMS | | | | |
| Mail-in promotions | $ 4,833,000 | + 0.6% | $ 4,804,000 | + 3.1% |
| Other premiums | $ 15,474,000 | + 2.3% | $ 15,126,000 | + 7.8% |
| **MACHINERY & SUPPLIES** | **$ 187,866,000** | **+ 7.7%** | **$ 174,394,000** | **+11.0%** |
| • TRADE INCENTIVES | | | | |
| Sales force merchandise | $ 85,557,000 | +10.1% | $ 77,708,000 | +15.3% |
| Sales force travel | $ 35,754,000 | + 2.4% | $ 34,916,000 | +13.0% |
| Dealer merchandise | $ 10,595,000 | + 6.3% | $ 9,967,000 | +12.2% |
| Dealer travel | $ 15,033,000 | + 5.6% | $ 14,236,000 | + 2.9% |
| • BUSINESS GIFTS | $ 27,936,000 | +10.7% | $ 25,236,000 | + 6.3% |
| • CONSUMER PREMIUMS | | | | |
| Mail-in promotions | $ 7,034,000 | + 6.7% | $ 6,592,000 | – 3.8% |
| Other premiums | $ 5,957,000 | + 3.8% | $ 5,739,000 | + 4.1% |
| **OFFICE EQUIPMENT** | **$ 324,069,000** | **+ 1.0%** | **$ 320,856,000** | **+11.5%** |
| • TRADE INCENTIVES | | | | |
| Sales force merchandise | $ 66,552,000 | + 2.9% | $ 64,676,000 | +15.2% |
| Sales force travel | $ 80,213,000 | + 0.3% | $ 79,973,000 | +21.7% |
| Dealer merchandise | $ 37,768,000 | + 3.7% | $ 36,420,000 | + 9.4% |
| Dealer travel | $ 21,011,000 | + 4.1% | $ 20,183,000 | – 1.1% |
| • BUSINESS GIFTS | $ 33,011,000 | + 0.7% | $ 32,782,000 | + 3.8% |
| • CONSUMER PREMIUMS | | | | |
| Mail-in promotions | $ 11,493,000 | + 1.8% | $ 11,290,000 | + 4.1% |
| Other premiums | $ 74,021,000 | – 2.0% | $ 75,532,000 | + 8.2% |

| | EXPENDITURES 1990 | | EXPENDITURES 1989 | |
|---|---|---|---|---|
| **PAINTS & VARNISHES** | **$ 68,325,000** | **– 2.9%** | **$ 70,382,000** | **+ 0.1%** |
| • TRADE INCENTIVES | | | | |
| Sales force merchandise | $ 15,946,000 | – 2.6% | $ 16,372,000 | + 2.9% |
| Sales force travel | $ 6,017,000 | + 1.2% | $ 5,946,000 | + 3.4% |
| Dealer merchandise | $ 13,626,000 | – 4.3% | $ 14,238,000 | + 2.6% |
| Dealer travel | $ 11,779,000 | – 0.2% | $ 11,803,000 | + 2.4% |
| • BUSINESS GIFTS | $ 2,687,000 | + 3.2% | $ 2,604,000 | – 3.0% |
| • CONSUMER PREMIUMS | | | | |
| Mail-in promotions | $ 12,707,000 | – 6.4% | $ 13,576,000 | – 7.1% |
| Other premiums | $ 5,563,000 | – 4.8% | $ 5,843,000 | – 4.4% |
| **PAPER PRODUCTS & PACKAGING** | **$ 101,772,000** | **+13.9%** | **$ 89,353,000** | **+ 5.6%** |
| • TRADE INCENTIVES | | | | |
| Sales force merchandise | $ 14,714,000 | +25.5% | $ 11,724,000 | + 7.8% |
| Sales force travel | $ 12,421,000 | +16.8% | $ 10,634,000 | + 3.5% |
| Dealer merchandise | $ 11,202,000 | +12.3% | $ 9,975,000 | + 3.4% |
| Dealer travel | $ 6,479,000 | +19.2% | $ 5,435,000 | + 8.6% |
| • BUSINESS GIFTS | $ 13,563,000 | +11.2% | $ 12,197,000 | + 1.4% |
| • CONSUMER PREMIUMS | | | | |
| Mail-in promotions | $ 24,420,000 | +12.1% | $ 21,784,000 | + 7.6% |
| Other premiums | $ 18,977,000 | + 7.8% | $ 17,604,000 | + 6.5% |
| **PETROLEUM PRODUCTS** | **$ 319,273,000** | **+ 3.0%** | **$ 310,007,000** | **+ 5.1%** |
| • TRADE INCENTIVES | | | | |
| Sales force merchandise | $ 68,769,000 | + 4.5% | $ 65,808,000 | + 6.0% |
| Sales force travel | $ 17,477,000 | + 6.7% | $ 16,380,000 | + 1.9% |
| Dealer merchandise | $ 92,749,000 | + 8.1% | $ 85,799,000 | + 4.6% |
| Dealer travel | $ 16,707,000 | +10.4% | $ 15,133,000 | + 5.7% |
| • BUSINESS GIFTS | $ 16,152,000 | – 5.1% | $ 17,020,000 | + 1.8% |
| • CONSUMER PREMIUMS | | | | |
| Mail-in promotions | $ 40,757,000 | – 2.6% | $ 41,845,000 | + 4.1% |
| Other premiums | $ 66,662,000 | – 2.0% | $ 68,022,000 | + 7.0% |
| **PHARMACEUTICALS** | **$ 205,124,000** | **+ 1.6%** | **$ 201,877,000** | **+ 5.3%** |
| • TRADE INCENTIVES | | | | |
| Sales force merchandise | $ 55,941,000 | –10.9% | $ 62,784,000 | + 7.3% |
| Sales force travel | $ 21,418,000 | +14.4% | $ 18,722,000 | +15.2% |
| Dealer merchandise | $ 26,796,000 | + 3.7% | $ 25,840,000 | + 6.2% |
| Dealer travel | $ 11,039,000 | + 6.1% | $ 10,404,000 | + 4.0% |
| • BUSINESS GIFTS | $ 37,047,000 | +13.2% | $ 32,727,000 | – 4.7% |
| • CONSUMER PREMIUMS | | | | |
| Mail-in promotions | $ 28,386,000 | + 9.9% | $ 25,829,000 | + 7.6% |
| Other premiums | $ 24,497,000 | – 4.2% | $ 25,571,000 | + 5.1% |
| **SPORTING GOODS & TOYS** | **$ 58,164,000** | **+ 4.3%** | **$ 55,750,000** | **– 0.1%** |
| • TRADE INCENTIVES | | | | |
| Sales force merchandise | $ 10,663,000 | + 8.0% | $ 9,873,000 | + 3.8% |
| Sales force travel | $ 7,549,000 | + 9.4% | $ 6,900,000 | + 2.8% |
| Dealer merchandise | $ 11,549,000 | + 7.2% | $ 10,773,000 | + 1.1% |
| Dealer travel | $ 5,373,000 | +13.3% | $ 4,742,000 | + 3.1% |
| • BUSINESS GIFTS | $ 3,024,000 | + 7.3% | $ 2,818,000 | + 1.0% |
| • CONSUMER PREMIUMS | | | | |
| Mail-in promotions | $ 9,715,000 | – 3.4% | $ 10,057,000 | – 4.4% |
| Other premiums | $ 10,291,000 | – 2.8% | $ 10,587,000 | – 4.0% |

| | EXPENDITURES 1990 | | EXPENDITURES 1989 | |
|---|---|---|---|---|
| **TOILETRIES & COSMETICS** | **$1,166,872,000** | **+ 8.9%** | **$1,074,574,000** | **+11.8%** |
| • TRADE INCENTIVES | | | | |
| Sales force merchandise | $ 355,392,000 | + 1.5% | $ 350,140,000 | +15.4% |
| Sales force travel | $ 47,238,000 | +11.8% | $ 42,252,000 | + 8.7% |
| Dealer merchandise | $ 126,938,000 | +15.8% | $ 109,618,000 | +14.7% |
| Dealer travel | $ 19,557,000 | – 6.0% | $ 18,384,000 | +14.1% |
| • BUSINESS GIFTS | $ 88,505,000 | + 1.6% | $ 87,111,000 | + 5.4% |
| • CONSUMER PREMIUMS | | | | |
| Mail-in promotions | $ 247,807,000 | + 9.0% | $ 227,346,000 | +10.7% |
| Other premiums | $ 281,435,000 | +17.4% | $ 239,723,000 | + 9.2% |

| | | | | |
|---|---|---|---|---|
| **MISCELLANEOUS MANUFACTURERS** | **$ 980,139,000** | **+ 8.6%** | **$ 902,297,000** | **+11.2%** |
| • TRADE INCENTIVES | | | | |
| Sales force merchandise | $ 158,818,000 | + 5.2% | $ 150,968,000 | +12.3% |
| Sales force travel | $ 48,030,000 | +16.4% | $ 41,263,000 | +14.9% |
| Dealer merchandise | $ 145,493,000 | + 8.8% | $ 133,725,000 | + 7.6% |
| Dealer travel | $ 34,831,000 | +12.9% | $ 30,851,000 | +11.0% |
| • BUSINESS GIFTS | $ 89,185,000 | + 3.6% | $ 86,086,000 | + 4.0% |
| • CONSUMER PREMIUMS | | | | |
| Mail-in promotions | $ 176,144,000 | + 9.4% | $ 161,009,000 | +11.2% |
| Other premiums | $ 327,638,000 | + 9.8% | $ 298,395,000 | +14.2% |

## SERVICE INDUSTRIES

| | EXPENDITURES 1990 | | EXPENDITURES 1989 | |
|---|---|---|---|---|
| **BANKS AND SAVINGS & LOAN** | **$ 220,687,000** | **– 0.7%** | **$ 219,240,000** | **+ 4.1%** |
| • TRADE INCENTIVES | | | | |
| Sales force merchandise | $ 45,507,000 | +14.6% | $ 39,709,000 | + 1.2% |
| Sales force travel | $ 3,211,000 | +13.5% | $ 2,829,000 | +10.7% |
| Dealer merchandise | $ 2,160,000 | – 4.1% | $ 2,252,000 | + 3.3% |
| Dealer travel | $ 380,000 | + 2.0% | $ 373,000 | + 1.2% |
| • BUSINESS GIFTS | $ 55,215,000 | + 8.0% | $ 51,125,000 | + 3.6% |
| • CONSUMER PREMIUMS | | | | |
| Mail-in promotions | $ 19,618,000 | – 2.0% | $ 20,018,000 | + 4.1% |
| Other premiums | $ 94,596,000 | – 8.1% | $ 102,934,000 | + 5.3% |

| | | | | |
|---|---|---|---|---|
| **DISTRIBUTORS & WHOLESALERS** | **$1,632,840,000** | **+ 8.9%** | **$1,499,270,000** | **+ 9.7%** |
| • TRADE INCENTIVES | | | | |
| Sales force merchandise | $ 514,390,000 | +18.7% | $ 433,353,000 | + 9.1% |
| Sales force travel | $ 39,066,000 | +12.1% | $ 34,849,000 | + 7.6% |
| Dealer merchandise | $ 168,268,000 | + 1.3% | $ 166,109,000 | +10.8% |
| Dealer travel | $ 24,043,000 | + 2.5% | $ 23,457,000 | + 7.5% |
| • BUSINESS GIFTS | $ 296,721,000 | +10.0% | $ 269,746,000 | +13.1% |
| • CONSUMER PREMIUMS | | | | |
| Mail-in promotions | $ 356,995,000 | + 8.7% | $ 328,422,000 | + 8.6% |
| Other premiums | $ 233,357,000 | – 4.1% | $ 243,334,000 | + 8.4% |

| | EXPENDITURES 1990 | | EXPENDITURES 1989 | |
|---|---|---|---|---|
| **INSURANCE** | **$ 788,863,000** | **+ 8.1%** | **$ 729,911,000** | **+ 6.6%** |
| • TRADE INCENTIVES | | | | |
| Sales force merchandise | $ 278,810,000 | + 8.9% | $ 256,024,000 | + 7.9% |
| Sales force travel | $ 244,514,000 | + 8.7% | $ 224,944,000 | + 8.4% |
| Dealer merchandise | $ 13,556,000 | – 8.7% | $ 14,848,000 | + 0.7% |
| Dealer travel | $ 84,829,000 | +13.5% | $ 74,739,000 | – 4.4% |
| • BUSINESS GIFTS | $ 72,846,000 | + 9.3% | $ 66,648,000 | +11.9% |
| • CONSUMER PREMIUMS | | | | |
| Mail-in promotions | $ 83,964,000 | + 1.1% | $ 83,050,000 | + 7.1% |
| Other premiums | $ 10,344,000 | + 7.1% | $ 9,658,000 | +11.9% |
| **PUBLIC UTILITIES** | **$ 30,526,000** | **+ 7.8%** | **$ 28,305,000** | **+ 4.4%** |
| • TRADE INCENTIVES | | | | |
| Sales force merchandise | $ 7,568,000 | + 2.8% | $ 7,362,000 | + 5.8% |
| Sales force travel | $ 4,121,000 | +19.0% | $ 3,463,000 | + 7.3% |
| Dealer merchandise | $ 3,688,000 | +11.8% | $ 3,299,000 | + 5.0% |
| Dealer travel | $ 391,000 | + 4.8% | $ 373,000 | + 1.7% |
| • BUSINESS GIFTS | $ 3,129,000 | +13.4% | $ 2,759,000 | + 2.6% |
| • CONSUMER PREMIUMS | | | | |
| Mail-in promotions | $ 5,581,000 | + 5.4% | $ 5,580,000 | + 1.8% |
| Other premiums | $ 5,748,000 | + 5.1% | $ 5,469,000 | + 4.2% |
| **PUBLISHERS, PRINTERS & BROADCASTERS** | **$ 334,396,000** | **+ 9.5%** | **$ 305,489,000** | **+ 6.0%** |
| • TRADE INCENTIVES | | | | |
| Sales force merchandise | $ 111,019,000 | + 3.5% | $ 107,265,000 | + 5.9% |
| Sales force travel | $ 25,821,000 | +17.4% | $ 21,994,000 | +10.8% |
| Dealer merchandise | $ 15,295,000 | + 7.8% | $ 14,188,000 | +10.5% |
| Dealer travel | $ 6,668,000 | +12.2% | $ 5,943,000 | + 9.4% |
| • BUSINESS GIFTS | $ 40,304,000 | + 6.6% | $ 37,809,000 | + 5.0% |
| • CONSUMER PREMIUMS | | | | |
| Mail-in promotions | $ 92,301,000 | +14.2% | $ 80,824,000 | + 5.3% |
| Other premiums | $ 42,988,000 | +14.8% | $ 37,466,000 | + 4.3% |
| **RETAILERS** | **$2,990,246,000** | **+ 6.5%** | **$2,807,083,000** | **+ 8.4%** |
| • TRADE INCENTIVES | | | | |
| Sales force merchandise | $ 484,065,000 | + 8.4% | $ 446,554,000 | + 4.7% |
| Sales force travel | $ 324,967,000 | + 4.2% | $ 311,869,000 | +15.4% |
| Dealer merchandise | $ 54,022,000 | + 0.7% | $ 53,646,000 | + 8.8% |
| Dealer travel | $ 42,557,000 | + 3.2% | $ 41,237,000 | + 7.0% |
| • BUSINESS GIFTS | $ 252,393,000 | +15.8% | $ 217,956,000 | + 3.9% |
| • CONSUMER PREMIUMS | | | | |
| Games & sweepstakes | $ 220,587,000 | + 6.9% | $ 206,349,000 | + 4.2% |
| Direct & continuity | $1,611,655,000 | + 5.4% | $1,529,472,000 | + 9.5% |
| **MISCELLANEOUS SERVICES** | **$1,087,542,000** | **+ 7.1%** | **$1,015,479,000** | **+ 8.1%** |
| • TRADE INCENTIVES | | | | |
| Sales force merchandise | $ 333,737,000 | +15.1% | $ 289,702,000 | + 9.2% |
| Sales force travel | $ 115,584,000 | + 4.2% | $ 110,925,000 | +10.1% |
| Dealer merchandise | $ 149,989,000 | + 3.7% | $ 144,637,000 | +10.9% |
| Dealer travel | $ 77,095,000 | – 6.5% | $ 82,455,000 | + 9.9% |
| • BUSINESS GIFTS | $ 146,367,000 | + 1.9% | $ 143,638,000 | + 6.3% |
| • CONSUMER PREMIUMS | | | | |
| Mail-in promotions | $ 196,049,000 | + 8.2% | $ 181,191,000 | + 5.7% |
| Other premiums | $ 68,721,000 | + 9.2% | $ 62,931,000 | + 2.6% |